

Assembly Bill No. 2765

Passed the Assembly August 28, 2014

Chief Clerk of the Assembly

Passed the Senate August 25, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 19605.73 of, and to add and repeal Section 19613.05 of, the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL’S DIGEST

AB 2765, Committee on Governmental Organization. Horse racing: marketing organizations.

(1) Existing law, the Horse Racing Law, authorizes, until January 1, 2015, thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing. If a marketing organization is formed, existing law requires an amount not to exceed 0.25% of the total amount handled by each satellite wagering facility to be distributed to the marketing organization, and imposes certain requirements on the marketing organization, including that the marketing organization submit, by November 1 of each year, a written report to the California Horse Racing Board. Existing law also authorizes the marketing organization to utilize outside consultants.

This bill would extend the operation of those provisions to January 1, 2019.

The bill would also change the date for submission of the written report to the board to October 1 of each year and limit the authorization for the marketing organization to use outside consultants to those consultants with horse racing or other related experience, including experience in other gaming enterprises.

(2) A former provision in the Horse Racing Law, which was repealed on January 1, 2014, required any racing association, including a fair, that conducts thoroughbred racing to pay to the owners’ organization contracting with the association with respect to the conduct of thoroughbred racing an additional 1 3/4 % of the portion required to be deducted for purses for a national marketing program, as specified.

This bill would reenact this requirement, which would be effective until January 1, 2018, and repealed as of that date.

(3) By imposing requirements under the Horse Racing Law, the violation of which would be a crime, the bill would create new crimes and would thereby impose a state-mandated local program.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 19605.73 of the Business and Professions Code is amended to read:

19605.73. (a) Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, the establishment and maintenance of an Internet Web site featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fairs then conducting a live race meet. The marketing organization shall consist of the following members: two members, one from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the northern zone

and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.

(b) The marketing organization formed pursuant to subdivision (a) shall, by October 1 of each year, submit a written report to the board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the marketing organization shall annually present to the board at the board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming calendar year. The plan shall be implemented as determined by the marketing organization. The marketing organization shall receive input from all interested industry participants and may utilize outside consultants with horse racing or other related experience, including experience in other gaming enterprises.

(c) In addition to the distributions specified in subdivisions (a) and (b) of Section 19605.7, subdivisions (a) and (b) of Section 19605.71, and Section 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the marketing organization formed pursuant to subdivision (a) for the purposes set forth in subdivision (a). The amounts initially distributed to the marketing organization formed pursuant to subdivision (a) shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the marketing organization may be adjusted by the board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. The marketing organization, on a quarterly basis, shall submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

(d) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that

is enacted before January 1, 2019, deletes or extends that date. Any moneys held by the marketing organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

SEC. 2. Section 19613.05 is added to the Business and Professions Code, to read:

19613.05. (a) Any association, including a fair, that conducts thoroughbred racing shall pay to the owners' organization, contracting with the association with respect to the conduct of thoroughbred racing, an additional $1\frac{3}{4}$ percent of the portion deducted for purses, required by Section 19613, for a national marketing program. These funds shall be used exclusively for the promotion of thoroughbred racing in conjunction with a national thoroughbred racing marketing program. Funds that may not be needed for this effort shall be returned to the purse pool at the racing associations where these funds were raised in direct proportion to the amount in which they were initially raised. The owners' organization shall file a report with the board and the respective Senate and Assembly Committees on Governmental Organization, accounting for the receipt and expenditure of these funds on an annual basis. The board of directors of the owners' organization shall have the discretion to select the national marketing organization that shall be the recipient of these funds. If the board of directors of the owners' organization decides at any time not to contribute to the national marketing organization, notice shall be given promptly to the respective racing association or associations and the $1\frac{3}{4}$ percent deduction shall cease until the owners' organization decides otherwise.

(b) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2014

Governor